

## CLAIMS

We claim:

1. A targeting construct comprising:
  - 5 (a) a first polynucleotide sequence homologous to a cerberus gene;
  - (b) a second polynucleotide sequence homologous to the cerberus gene; and
  - (c) a selectable marker.
2. The targeting construct of claim 1, wherein the targeting construct further comprises a screening marker.
- 10 3. A method of producing a targeting construct, the method comprising:
  - (a) providing a first polynucleotide sequence homologous to a cerberus gene;
  - (b) providing a second polynucleotide sequence homologous to the crr1;
  - (c) providing a selectable marker; and
  - 15 (d) inserting the first sequence, second sequence, and selectable marker into a vector, to produce the targeting construct.
4. A method of producing a targeting construct, the method comprising:
  - (a) providing a polynucleotide comprising a first sequence homologous to a first region of a cerberus gene and a second sequence homologous to a cerberus gene;
  - (b) inserting a positive selection marker in between the first and second sequences
  - 20 to form the targeting construct.
5. A cell comprising a disruption in a cerberus gene.
6. The cell of claim 5, wherein the cell is a murine cell.
7. The cell of claim 6, wherein the murine cell is an embryonic stem cell.
8. A non-human transgenic animal comprising a disruption in a cerberus gene.
- 25 9. A cell derived from the non-human transgenic animal of claim 8.
10. A method of producing a transgenic mouse comprising a disruption in a cerberus gene, the method comprising:
  - (a) introducing the targeting construct of claim 1 into a cell;
  - (b) introducing the cell into a blastocyst;
  - 30 (c) implanting the resulting blastocyst into a pseudopregnant mouse, wherein said pseudopregnant mouse gives birth to a chimeric mouse; and

(d) breeding the chimeric mouse to produce the transgenic mouse.

11. A method of identifying an agent that modulates the expression of a cerberus, the method comprising:

(a) providing a non-human transgenic animal comprising a disruption in a cerberus gene;

(b) administering an agent to the non-human transgenic animal; and

(c) determining whether the expression of cerberus in the non-human transgenic animal is modulated.

12. A method of identifying an agent that modulates the function of a crr1, the method comprising:

(a) providing a non-human transgenic animal comprising a disruption in a cerberus gene;

(b) administering an agent to the non-human transgenic animal; and

(c) determining whether the function of the disrupted cerberus gene in the non-human transgenic animal is modulated.

13. A method of identifying an agent that modulates the expression of crr1, the method comprising:

(a) providing a cell comprising a disruption in a cerberus gene;

(b) contacting the cell with an agent; and

(c) determining whether expression of the cerberus is modulated.

14. A method of identifying an agent that modulates the function of a cerberus gene, the method comprising:

(a) providing a cell comprising a disruption in a cerberus gene;

(b) contacting the cell with an agent; and

(c) determining whether the function of the cerberus gene is modulated.

15. The method of claim 13 or claim 14, wherein the cell is derived from the non-human transgenic animal of claim 8.

16. An agent identified by the method of claim 11, claim 12, claim 13, or claim 14.